

CALIFORNIA BOARD OF ACCOUNTANCY REGULATIONS

CALIFORNIA CODE OF REGULATIONS TITLE 16. Professional and Vocational Regulations DIVISION 1. Board of Accountancy Regulations

ARTICLE 4. PRACTICE PRIVILEGES (Sections 26 - 35.1)

Section 26. Purpose of this Article.

This Article implements Article 5.1 of the Accountancy Act (commencing with Business and Professions Code Section 5096) related to Practice Privileges.

Note: Authority cited: Sections 5010 and 5096.9, Business and Professions Code.
Reference: Sections 5096 – 5096.11, Business and Professions Code.

HISTORY:

1. New article 4 (sections 26-35.1) and section filed 12-12-2005; operative 1-1-2006 pursuant to Government Code section 11343.4 (Register 2005, No. 50). For prior history of article 4 (sections 25-29), see Register 2000, No. 5.

Section 27. Qualifications for the Practice Privilege.

To be eligible for a practice privilege, an individual whose principal place of business is not in California and who holds a valid, current license, certificate, or permit to practice public accountancy issued by another state shall meet the requirements of Business and Professions Code Section 5096 including, but not limited to, satisfying one of the following:

(a) Hold a current, valid license, certificate, or permit issued by another state, if the requirements under which that license, certificate, or permit was issued are deemed by the Board to be substantially equivalent to the requirements in Business and Professions Code Section 5093;

(b) Possess education, examination, and experience qualifications that have been determined by the Board to be substantially equivalent to the qualifications under Business and Professions Code Section 5093. Pursuant to subdivision (b) of Business and Professions Code Section 5096, the Board accepts individual qualification evaluations of substantial equivalency by the National Association of State Boards of Accountancy's (NASBA's) CredentialNet. Prior to seeking a practice privilege under this paragraph, an individual shall apply to NASBA's CredentialNet, pay the required fee, and obtain the required substantial equivalency determination. The individual shall

CALIFORNIA BOARD OF ACCOUNTANCY REGULATIONS

report the NASBA file number on the Notification Form submitted pursuant to Section 28 and shall authorize the Board to review the NASBA file upon request; or

(c) Have continually practiced public accountancy as a Certified Public Accountant under a current, valid license issued by any state for four of the last ten years.

Note: Authority cited: Sections 5010 and 5096.9, Business and Professions Code.

Reference: Section 5096, Business and Professions Code.

HISTORY:

1. New section filed 12-12-2005; operative 1-1-2006 pursuant to Government Code section 11343.4 (Register 2005, No. 50). For prior history, see Register 2000, No. 5.

Section 28. Notification.

(a) To obtain a practice privilege, an individual meeting the requirements of Section 27 shall notify the Board by submitting the fully completed Notification Form provided at the end of this Section or the electronic equivalent provided by the Board on its Web site, and shall pay the fee as required by Sections 31 and 70. Except for the electronic signature which is provided for in subsection (c), the electronic version of the form shall be identical in content to the paper version of the Notification Form provided at the end of this section.

(b) The license which shall be reported on Item 3 of "Qualification Requirements" on the Notification Form and "the license upon which the substantial equivalency is based" referenced in subdivision (e) of Business and Professions Code Section 5096 is the license under which an individual qualifies for a practice privilege pursuant to subsection (a) of Section 27, or the license in the state of the principal place of business for an individual who qualifies for a practice privilege under subsection (b) or (c) of Section 27.

(c) The electronic version of the Notification Form shall provide for a certification and electronic signature as follows:

I understand that any misrepresentation or omission in connection with this notification disqualifies me from the California practice privilege and is cause for termination. Further I authorize the California Board of Accountancy to act accordingly, including notifying other state or federal authorities. By typing my name in the box below and clicking the "I Agree" button I certify under penalty of perjury under the laws of the State of California that the forgoing information is true and correct. If I am not prepared to so certify, I understand that I should click the "Cancel" button to discontinue the notification process.

Full name _____

CALIFORNIA BOARD OF ACCOUNTANCY REGULATIONS

I Agree _____
Cancel _____

Note: Authority cited: Sections 5010 and 5096.9, Business and Professions Code.
Reference: Sections 5088, 5096, 5096.3, 5096.4 and 5096.5, Business and Professions Code; and Section 1633.2, Civil Code.

HISTORY:

1. New section filed 12-12-2005; operative 1-1-2006 pursuant to Government Code section 11343.4 (Register 2005, No. 50). For prior history, see Register 2000, No. 5.



CALIFORNIA BOARD OF ACCOUNTANCY

2000 EVERGREEN STREET, SUITE 250

SACRAMENTO, CA 95815-3832

TELEPHONE: (916) 263-3680

FACSIMILE: (916) 263-3675

WEB ADDRESS: <http://www.dca.ca.gov/cba>

**NOTIFICATION AND AGREEMENT TO CONDITIONS FOR THE PRIVILEGE TO
PRACTICE PUBLIC ACCOUNTING IN CALIFORNIA PURSUANT TO CALIFORNIA BUSINESS AND
PROFESSIONS CODE SECTION 5096 AND TITLE 16, DIVISION 1, ARTICLE 4 OF THE
CALIFORNIA CODE OF REGULATIONS**

Name: _____ Prior Name(s): _____

Firm Name: _____

Address of Principal Place of
Business (mailing address): _____Address of Record
(if different than address above): _____

Telephone Number (Business Hours): _____ Fax Number: _____ Business E-mail: _____

Date of Birth: ____/____/____ Social Security Number: _____

QUALIFICATION REQUIREMENTS:I state as follows:

1. ☐ I am an individual.
2. ☐ My principal place of business is not in California, and I do not have an office in California other than through a firm that is registered in California and of which I am an employee or an employee/owner; **OR**
☐ I have a pending application for licensure in California under Sections 5087 and 5088.
3. ☐ I qualify for a practice privilege based on my current, valid license to practice public accountancy in the following state:

State: _____	License Number: _____	Date Issued: _____	License Expiration Date: _____
--------------	-----------------------	--------------------	--------------------------------

4. ☐ a. The license identified in Item 3 is deemed substantially equivalent by the California Board of Accountancy (CBA); **OR**
☐ b. My individual qualifications have been determined by the National Association of State Boards of Accountancy (NASBA) to be substantially equivalent (NASBA file no. _____); **OR**
☐ c. I have continually practiced public accountancy as a certified public accountant under a valid license issued by any state for 4 of the last 10 years.
5. ☐ I am submitting this notice to the CBA at or before the time I begin the practice of public accountancy in California; **OR**
☐ (This option is only available through December 31, 2007.) I am submitting this notice within five business days after I began the practice of public accountancy in California on ____/____/____. My reason(s) for not providing notice on or before that date:

6. ☐ I have met the continuing education requirements and any exam requirements for the state of licensure identified in Item 3 above.

I consent and agree to the following:

7. ☐ To comply with the laws of the State of California, including the California Accountancy Act (Business and Professions Code Section 5000 et seq., accessible at http://www.dca.ca.gov/cba/acnt_act.htm) and the regulations thereunder (accessible at <http://www.dca.ca.gov/cba/regs.htm>).
8. ☐ To the personal and subject matter jurisdiction of the CBA including, but not limited to, the following:
- a. To suspend, without prior notice or hearing and in the sole discretion of the CBA or its representatives, the privilege to practice public accounting;
 - b. To impose discipline for any violation of the California Accountancy Act or regulations thereunder and recover costs for investigation and prosecution; and
 - c. To provide information relating to a practice privilege and/or refer any additional and further discipline to the board of accountancy of any other state and/or the Securities and Exchange Commission (SEC), the Public Company Accounting Oversight Board (PCAOB) or other relevant regulatory authorities.
9. ☐ To respond fully and completely to all inquiries by the CBA relating to my California practice privilege, including after the expiration of this privilege.
10. ☐ To the authority of the CBA to verify the accuracy and truthfulness of the information provided in this notification. I consent to the release of all information relevant to the CBA's inquiries now or in the future by:
- a. Contacting other state agencies;
 - b. Contacting the SEC, PCAOB or any other federal agency before which I am authorized to practice; and
 - c. Contacting NASBA.
11. ☐ In the event that any of the information in this notice changes, to provide the CBA written notice of any such change within 30 days of its occurrence.
12. ☐ To timely submit the fee of \$100.00.

REQUIREMENTS FOR SIGNING ATTEST REPORTS:

I wish to be able to sign an attest report under this practice privilege and, if so, I have at least 500 hours of experience in attest services. ☐ Yes ☐ No

DISQUALIFYING CONDITIONS:

Please respond to the following items. For any items checked "yes" in (A) – (G), you must provide additional information as requested in Attachment 1, and you are not authorized to practice in California unless and until you receive notice from the CBA that the privilege has been granted.

- | | | | |
|--------------------------|--------------------------|----|--|
| Y | N | A. | I have been convicted of a crime other than a minor traffic violation. |
| <input type="checkbox"/> | <input type="checkbox"/> | | |
| Y | N | B. | I have had a license, registration, permit or authority to practice a profession surrendered, denied, suspended, revoked, or otherwise disciplined or sanctioned except for the following occurrences: |
| <input type="checkbox"/> | <input type="checkbox"/> | | |
- (1) an action by a state board of accountancy in which the only sanction was a requirement that the individual complete specified continuing education courses.
 - (2) the revocation of a license or other authority to practice public accounting, other than the license upon which the practice privilege is based, solely because of failure to complete continuing education or failure to renew.

- Y N C. I am currently the subject of an investigation, inquiry or proceeding by or before a state, federal, or local court or agency (including the PCAOB) involving my professional conduct.
☐ ☐
- Y N D. I have an unresolved administrative suspension or an unpaid fine related to a prior California practice privilege.
☐ ☐
- Y N E. I did not respond to a request for information from the CBA related to a prior practice privilege.
☐ ☐
- Y N F. I have been notified by the CBA that prior Board approval is required before practice under a new practice privilege may commence.
☐ ☐
- Y N G. I have had a judgment or arbitration award against me involving my professional conduct in the amount of \$30,000 or greater.
☐ ☐

REQUIRED ADDITIONAL INFORMATION:

I currently hold a California Practice Privilege. ☐ Yes ☐ No

Expiration date: _____ Unique Identifier: _____

I have held a California CPA/PA license. ☐ Yes ☐ No License number: _____

In addition to the state of licensure identified in Item 3, I am also authorized to practice public accountancy in the following:

State: _____ License Number: _____ Other Authority: _____

State: _____ License Number: _____ Other Authority: _____

An answer of "no" to any of the following statements does not disqualify you from a California practice privilege.

I am an associated person of a firm registered with the PCAOB. ☐ Yes ☐ No

My firm has undergone peer review within the last three years. ☐ Yes ☐ No

The state of licensure identified in Item 3 requires CE in fraud detection. ☐ Yes ☐ No
 If yes, I have fulfilled this requirement. ☐ Yes ☐ No

I, _____, understand that any misrepresentation or omission in connection with this notification disqualifies me from the California practice privilege and is cause for termination. Further I authorize the California Board of Accountancy to act accordingly, including notifying other state or federal authorities. I certify under penalty of perjury under the laws of the State of California that the foregoing information is true and correct.

Signature: _____ Date: _____

Unless you have checked "Y" to any items under Disqualifying Conditions, your privilege to practice commences with the submission of your properly completed notification. Your fee must be received within 30 days. Your privilege expires one year from the date of submission of this notification.

**CALIFORNIA BOARD OF ACCOUNTANCY**

2000 EVERGREEN STREET, SUITE 250
 SACRAMENTO, CA 95815-3832
 TELEPHONE: (916) 263-3680
 FACSIMILE: (916) 263-3675
 WEB ADDRESS: <http://www.dca.ca.gov/cba>

**ATTACHMENT 1**

Name: _____

1. If you checked "yes" to any of items A – G under Disqualifying Conditions, please provide explanatory details:

2. If you checked "yes" to Item G under Disqualifying Conditions, please also provide:

Date of Judgment/
 Arbitration Award: _____ Jurisdiction/Court: _____ Docket No: _____

PERSONAL INFORMATION COLLECTION AND ACCESS: The information provided in this form will be used by the California Board of Accountancy to determine whether you qualify for practice privilege in California. Sections 5096 through 5096.11 of the California Business and Professions Code authorize the collection of this information. Failure to provide any of the required information is grounds for rejection of the form as being incomplete. Information provided may be transferred to the Department of Justice, a District Attorney, a City Attorney, or to another government agency as may be necessary to permit the Board, or the transferee agency, to perform its statutory or constitutional duties, or otherwise transferred or disclosed as provided in California Civil Code Section 1798.24. Each individual has the right to review his or her file, except as otherwise provided by the California Information Practices Act. Certain information provided may be disclosed to a member of the public, upon request, under the California Public Records Act. The Executive Officer of the California Board of Accountancy is responsible for maintaining the information in this form, and may be contacted at 2000 Evergreen Street, Suite 250, Sacramento, CA 95815, telephone number (916) 263-3680 regarding questions about this notice or access to records.

CALIFORNIA BOARD OF ACCOUNTANCY REGULATIONS

Section 29. Term of the Practice Privilege.

(a) Except when prior approval by the Board is required pursuant to Section 32, the practice privilege commences on the date the Notification Form is electronically submitted to the Board, on the postmark date of a Notification Form submitted to the Board by mail, or on the date a Notification Form is submitted to the Board via facsimile. When prior approval by the Board is required pursuant to Section 32, the practice privilege commences on the date the practice privilege is approved by the Board.

(b) Except as provided in subsection (c), a practice privilege, including a practice privilege that is or has been on administrative suspension pursuant to Business and Professions Code Section 5096.4, expires one year from the date the Notification Form is submitted to the Board or on the date a subsequent Notification Form is submitted to the Board, whichever occurs first.

(c) A practice privilege held by an applicant for a California license expires one year from the date the Notification Form is submitted to the Board or on the date the California license is issued by the Board, whichever occurs first.

Note: Authority cited: Sections 5010 and 5096.9, Business and Professions Code.
Reference: Sections 5088, 5096 and 5096.4, Business and Professions Code.

HISTORY:

1. New section filed 12-12-2005; operative 1-1-2006 pursuant to Government Code section 11343.4 (Register 2005, No. 50). For prior history, see Register 2000, No. 5.

Section 30. Safe Harbor – Period of the Notice.

(a) Notwithstanding Section 29, during the period January 1, 2006, through December 31, 2007, an individual shall not be deemed to be in violation of this Article or Article 5.1 of the Accountancy Act (commencing with Business and Professions Code Section 5096) solely because he or she begins the practice of public accounting in California prior to submitting the Notification Form, provided the Notification Form is submitted within five business days of the date practice begins. An individual who properly submits the Notification Form to the Board within the five-day period provided for in this Section shall be deemed to have a practice privilege from the first day of practice in California unless the individual fails to timely submit the required fee pursuant to Section 31.

(b) Subsection (a) of this section does not apply in those instances in which prior approval by the Board is required pursuant to Section 32.

(c) In addition to any other applicable sanction, the Board may issue a fine of \$250 to \$5,000 for notifying the Board more than five business days after beginning practice in California. In assessing a fine amount, consideration shall be given to the factors listed in Section 95.3.

CALIFORNIA BOARD OF ACCOUNTANCY REGULATIONS

Note: Authority cited: Sections 5010 and 5096.9, Business and Professions Code.
Reference: Sections 125.9, 5096, and 5096.3, Business and Professions Code.

HISTORY:

1. New section filed 12-12-2005; operative 1-1-2006 pursuant to Government Code section 11343.4 (Register 2005, No. 50).

Section 31. Payment of the Fee.

The fee required by Section 70(h) must be received by the Board within 30 days of the date the Notification Form is submitted to the Board.

(a) In addition to any other applicable sanction, an individual is subject to a fine of \$100 to \$500 for the first failure to pay the practice privilege fee within 30 days of the commencement of the practice privilege, including attempting to pay with a check that is subsequently dishonored. In assessing a fine amount, consideration shall be given to the factors listed in Section 95.3.

(b) In addition to any other applicable sanction, an individual is subject to a fine of \$250 to \$1,000 for any subsequent occurrence of failure to pay the practice privilege fee within 30 days, including attempting to pay with a check that is subsequently dishonored. In assessing a fine amount, consideration shall be given to the factors listed in Section 95.3.

(c) In addition to the fines described in this Section and any other applicable sanction, an individual is also subject to an administrative suspension for failure to pay the fee, including attempting to pay with a check that is subsequently dishonored. This administrative suspension shall remain in effect until the Board gives its approval for the individual to resume practice and shall not extend the term of the practice privilege.

Note: Authority cited: Sections 5010 and 5096.9, Business and Professions Code.
Reference: Sections 125.9, 5096, 5096.3, and 5096.4, Business and Professions Code.

HISTORY:

1. New section filed 12-12-2005; operative 1-1-2006 pursuant to Government Code section 11343.4 (Register 2005, No. 50).

Section 32. Board Approval Required.

(a) An individual submitting a Notification Form pursuant to Section 28 who has any of the conditions listed in subsection (c) of this Section may not commence practice under a practice privilege without prior approval of the Board.

CALIFORNIA BOARD OF ACCOUNTANCY REGULATIONS

(b) A holder of a practice privilege who acquires any of the conditions listed in subsection (c) of this Section during the term of the practice privilege shall cease practicing immediately and shall not begin practicing again without prior approval of the Board.

(c) Conditions requiring Board approval to practice under a practice privilege:

(1) The individual is convicted of a crime other than a minor traffic violation.

(2) The individual has had a revocation, suspension, denial, surrender, or other discipline or sanction involving any license or other authority to practice any profession in California or in any other state or foreign country or to practice before any state, federal, or local court or agency, or the Public Company Accounting Oversight Board (PCAOB), except for the following occurrences:

(A) An action by a state board of accountancy in which the only sanction was a requirement that the individual complete specified continuing education courses.

(B) The revocation of a license or other authority to practice public accountancy, other than the license identified in Item 3 of the Qualification Requirements on the Notification Form, solely because of failure to complete continuing education or failure to renew.

(3) The individual is the subject of an investigation, inquiry, or proceeding by or before a state, federal, or local court or agency (including the PCAOB) involving his or her professional conduct.

(4) The individual held a practice privilege in California that expired while under administrative suspension or with an unpaid fine.

(5) The individual has failed to respond to the satisfaction of the Board to a request for information from the Board regarding a matter related to a current or prior practice privilege.

(6) The individual has been notified by the Board that prior Board approval is required before practice under a new practice privilege may commence.

(7) The individual has had a judgment or arbitration award in an amount of \$30,000 or greater entered against him or her in a civil matter involving the professional conduct of the individual.

Note: Authority cited: Sections 5010 and 5096.9, Business and Professions Code.

Reference: Section 5096, Business and Professions Code.

HISTORY:

1. New section filed 12-12-2005; operative 1-1-2006 pursuant to Government Code section 11343.4 (Register 2005, No. 50).

CALIFORNIA BOARD OF ACCOUNTANCY REGULATIONS

Section 33. Changes to Information on the Notification.

(a) An individual shall report in writing to the Board changes in the information reported on the Notification Form within 30 days of the change.

(b) In addition to any other applicable sanctions, an individual is subject to a fine of \$250 to \$5,000 for failure to comply with the requirements of this Section. In assessing a fine amount, consideration shall be given to the factors listed in Section 95.3.

Note: Authority cited: Sections 5010 and 5096.9, Business and Professions Code.

Reference: Sections 125.9, 5096, and 5096.3, Business and Professions Code.

HISTORY:

1. New section filed 12-12-2005; operative 1-1-2006 pursuant to Government Code section 11343.4 (Register 2005, No. 50). For prior history, see Register 62, No. 11.

Section 34. Response to Board Inquiry.

(a) In addition to any other applicable sanction, failure to comply with the obligation to respond to Board inquiry pursuant to Section 5096(e)(5) could result in one or more of the following:

(1) Issuance of a fine of \$250 to \$5,000;

(2) An administrative suspension of a current practice privilege pursuant to Business and Professions Code Section 5096.4; or

(3) The requirement to obtain the approval of the Board before commencing to practice under a future practice privilege.

(b) In assessing a fine amount, consideration shall be given to the factors listed in Section 95.3.

Note: Authority cited: Sections 5010 and 5096.9, Business and Professions Code.

Reference: Sections 125.9, 5096, 5096.3, and 5096.4, Business and Professions Code.

HISTORY:

1. New section filed 12-12-2005; operative 1-1-2006 pursuant to Government Code section 11343.4 (Register 2005, No. 50). For prior history, see Register 49, No. 4.

CALIFORNIA BOARD OF ACCOUNTANCY REGULATIONS

Section 35. Continuing Education Requirement.

An individual practicing under a practice privilege shall meet the continuing education requirements of the state of licensure identified in Item 3 of the Qualification Requirements on the Notification Form.

Note: Authority cited: Sections 5010 and 5096.9, Business and Professions Code.

Reference: Sections 5096, Business and Professions Code.

HISTORY:

1. New section filed 12-12-2005; operative 1-1-2006 pursuant to Government Code section 11343.4 (Register 2005, No. 50). For prior history, see Register 83, No. 16.

Section 35.1. Notice of Intent to Administratively Suspend.

(a) Prior to the issuance of an Administrative Suspension Order pursuant to Business and Professions Code Section 5096.4, the Executive Officer may issue to the holder of a practice privilege a Notice of Intent to Administratively Suspend. The Notice of Intent to Administratively Suspend shall be in writing and shall be mailed to the practice privilege holder's address of record.

(b) The Notice of Intent to Administratively Suspend shall include a description of the contents of the Administrative Suspension Order pursuant to subdivision (c) of Section 5096.4.

(c) The Notice of Intent to Administratively Suspend shall provide the holder with a specified period of time in which to respond in writing by showing cause to the Executive Officer why the Administrative Suspension Order should not be issued.

(d) The Executive Officer shall determine whether or not the Administrative Suspension Order shall be issued and shall so inform the practice privilege holder in writing.

Note: Authority cited: Sections 5010 and 5096.9, Business and Professions Code.

Reference: Section 5096.4, Business and Professions Code.

HISTORY:

1. New section filed 12-12-2005; operative 1-1-2006 pursuant to Government Code section 11343.4 (Register 2005, No. 50).